



California Debt and Investment Advisory Commission

MUNICIPAL MARKET DISCLOSURE: CURRENT TOPICS AND PRACTICES

March 18-19, 2014
Sheraton Fairplex Hotel
Pomona, California

AGENDA

Both the Securities and Exchange Commission (SEC) and the Government Accountability Office noted in their evaluation of the municipal market the need to improve market transparency through better disclosure. Efforts to do so, however, have stirred as much controversy as they have resulted in improved practices. This one and a half day program is devoted to a discussion of where we are and how much further we have to go. Day One of this seminar will focus on the current rules and proposed reform initiatives for primary and secondary disclosure practices by public agencies. Day Two will focus on recommended disclosure practices for direct loans and general obligation debt.

MARCH 18, 2014 – DAY ONE

8:00 AM Registration

Complimentary continental breakfast

8:30 AM Seminar Welcome and Opening Remarks

Mark Campbell, Executive Director, CDIAC

8:40 AM INTRODUCTION – Municipal Market Enforcement Actions Become Reality

In 2013, the SEC has brought more enforcement actions against municipal bond issuers than ever before on a wide variety of grounds. During this session, the speaker will provide background on the SEC's more aggressive policy and describe the circumstances that led to several of the most recent SEC actions.

Kevin M. Civale, Shareholder, Stradling Yocca Carlson & Rauth

SESSION ONE

9:30 AM Overview of Federal Laws and Securities and Exchange Commission Rules Governing Disclosure

This session will cover the rules and regulations of municipal disclosure, highlighting changes resulting from recent reforms. The speaker will describe how municipal issuers must address their disclosure obligations, including those related to:

- The issuer's obligation to review proposed offerings
- SEC releases and reports
- SEC Rule 10b-5
- SEC Rule 15c2-12
- SEC enforcement powers

Harriet M. Welch, Partner, Los Angeles, Squire Sanders

10:30 AM Break

SESSION TWO

10:45 AM The Process of Good Disclosure

Material disclosed to the market must provide investors the information needed to make a decision to purchase a municipal security. In this session industry representatives will focus on the process of good disclosure and will share their experiences handling initial and continuing disclosure requirements.

Don Backstrom, Managing Director and Principal, Backstrom McCarley Berry & Co., LLC
Michael Ginestro, Director of Municipal Research, Bel Air Investment Advisors LLC
Lisa Greer Quateman, Managing Partner, Los Angeles, Polsinelli LLP

12:00 PM Luncheon (For all participants and speakers)

SESSION THREE

1:15 PM G-17 Disclosures – Underwriters to Issuers

In Spring 2012, the SEC approved the Municipal Securities Rulemaking Board's (MSRB) Notice 2012-25 providing interpretive guidance to underwriters of municipal securities on the application of Rule G-17. This session covers the expectations of fair dealing by underwriters in the municipal market. Speakers will discuss the effects of the rule on the issuer/underwriter relationship including required written disclosure underwriters must provide to issuers.

*Moderator: Dave Sanchez, General Counsel, De La Rosa & Co.
Suzanne Luster, Public Finance Director, County of Orange
Tracy M. McCraner, Financial Management Director, City of San Diego
Charles Turner, Director of Finance, Eastern Municipal Water District*

2:45 PM Break

SESSION FOUR

3:00 PM Continuing Disclosure Part 1 – External Communication with the Market
Speakers will discuss how to better communicate with investors and the financial community, including an investor relations program using electronic disclosure through the MSRB’s Electronic Municipal Market Access (EMMA) system. The panel will also discuss disclosing credit rating downgrades and recalibrations, liquidity facility modifications, and pension and other post-employment benefit (OPEB) liabilities to improve transparency.

*Facilitator and Speaker: Richard DeProspero, Managing Director, Manager, Western Region, Stern Brothers & Co.
Scott Catlett, Assistant Finance Director, City of Riverside
Ernesto A. Lanza, Deputy Executive Director, Municipal Securities Rulemaking Board
Donald F. Steuer, Assistant CAO/Chief Operating Officer, County of San Diego*

4:15 PM Break

SESSION FIVE

4:30 PM Continuing Disclosure Part 2 – Internal Roles and Responsibilities
Proper disclosure requires the issuer to understand what is material to an investor and what must be reported on a regular basis. During this session, public agency representatives share how they handle their ongoing disclosure responsibilities.

*Facilitator: Anne Pelej, Vice President and Group Manager, Federal Compliance Group, Willdan Financial Services
Scott Catlett, Assistant Finance Director, City of Riverside
Donald F. Steuer, Assistant CAO/Chief Operating Officer, County of San Diego*

5:15 PM Close of First Day

MARCH 19, 2014 – DAY TWO

8:30 AM **Registration**
Complimentary continental breakfast

9:00 AM **Welcome**

SESSION ONE

9:05 AM **Direct Lending – Considering Voluntary Disclosure to the Market**

This session will address voluntary public agency disclosure practices for direct loans. Without voluntary and intermittent disclosure of direct loans, current and future bond holders may not be able to assess the true financial position of an issuer at any particular time. This discussion will address:

- Incentives for voluntary disclosure and the anti-fraud law implications
- Working with banks and financial advisors
- Considerations for voluntary disclosure
- Documents and other issuers outstanding debt
- Information to include in reports to EMMA and CDIAC

*Facilitator and Speaker: Anna V. Sarabian, Vice President, Fieldman, Rolapp & Associates, Inc.
Readie Callahan, Vice President, Capital Strategies, Wells Fargo Securities*

Matthew T. Reining, Senior Director, Corporate and Government Ratings, Standard and Poor's Ratings Services

Allen K. Robertson, Shareholder, Robinson Bradshaw & Hinson, P.A.; President, National Association of Bond Lawyers

10:30 AM **Break**

SESSION TWO

10:45 AM **Disclosing General Obligation (GO) Credits: How Are California GO Credits Different?**

In light of recent municipal bankruptcy filings, concerns have been raised about the treatment and perception of general obligation bonds. Realizing that "not all GO bonds are created equal," this session will discuss the legal status and market perception of California general obligations bonds and how they can differ.

Speakers will discuss legal and disclosure issues relating to California GO bonds including:

- Unique features of GO bonds in California, including California school district GO bonds

- The differences between unlimited taxation vs. full faith and credit
- Security and repayment
- Disclosure in the preliminary official statement
 - Property tax information such as assessed values, property tax rates, delinquencies, diversity of ownership and overlapping taxes
- Official statement appendices including general fund finances

Scott R. Ferguson, Shareholder, Jones Hall

Donald S. Field, Partner, Public Finance, Orrick, Herrington & Sutcliffe LLP

Anna Van Degna, Vice President, Stifel Nicolaus

12:00 PM Close of Seminar